452 Complementary to the functioning of the credit co-operatives were the credit departments in supply-marketing co-coperatives and credit mutual-aid teams. The supply-marketing co-operatives obtained funds for the extension of credit by allocation from the co-operatives concerned as well as from deposits. The credit mutual-aid teams obtained their funds by subscription from team members and loaned this money to their needy members.

In the early period of the Communist regime, credit co-coperatives were developed in order to extend credit to peasants so that they could increase production. Co-operatives were also used to assist in the purchase of agricultural products from government trading organizations and to popularize the circulation of People's Bank notes issued for such purchases. Upon the enforcement of "compulsory purchase" of grain, cotton, and oil-producing seeds in 1953, co-operatives were utilized to attract deposits from peasants who had sold their products in order to reduce the amount of money in circulation. Given these important functions, the number of credit co-operatives had to be increased. In the first quarter of 1955 twice as many co-operatives were in existence as were in operation at the end of 1953. Thus credit co-operatives have become the basic-level agencies of the People's Bank.

652 and far less than this amount was deposited in Shansi Province. Later, as a result of a vigorous drive to increase the number of credit co-operatives, the peasants were forced to put additional money into savings accounts.

XII. CREDIT CONTROLS

652 Before 1953, all credits for public and joint
652 state-private enterprises and co-operatives had to be approved by the head office of the People's Bank; applications for credits for private enterprises were submitted to affiliated banks, screened by the People's Bank regional office, and approved by the head office. It was an airtight, centralized means of credit control.

Early in 1953, a decentralization policy was adopted by which authority and responsibility was diverted to the branch offices. To obtain credit, enterprises were required to explain how they intended to increase production and how they would increase labor productivity and lower the cost of production; they also had to furnish a budget with an estimate of necessary credits. A sharp distinction was drawn between fixed capital and working capital and between working capital and any sums borrowed.

The extension and acceptance of credit between public enterprises and private firms were prohibited in order to eliminate commercial credit. Credit was further tightened by a resolution against credit arrangements between public

1:Stanford U. S-4 5 1956 AF12 North China AF12

industrial and trading enterprises approved at a conference[16] held by the People's Bank for all public enterprises in March 1955. Elimination of private banking and the prohibition of credit arrangements with public enterprises deprived firms of all other sources of credit supply and made them entirely dependent on government banks for their credit needs.

Rural credit is under the control of the government. The supply of credit comes from the People's Bank and from credit co-operatives which are under the control of the People's Bank. No "rich peasant" can afford to have surplus funds on loan nor dare he make such loans without incurring penalties. Credit was granted less to help peasants solve their financial difficulties than to encourage them to join the producer co-operatives or mutual-aid teams. The Communists report that in 1953, approximately 72 per cent of rural credits went to producer co-operatives and mutual-aid teams and only 28 per cent to individuals. The government announced in mid-1955 that more credits were to be given to the peasants in order to make it possible for them to join agricultural producer co-operatives. Shansi Province reported in 1954 more rural credits derived from credit co-operatives than from state banks. In 79 per cent of the villages in Shansi Province "usury has been basically eliminated."[17]

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16. Ta-kung Daily, May 7, 1955.

17. New China News Agency, Taiyuan, January 15, 1955.

1:Stanford U. S-4, 5 1956 AF12 North China AF12

652 In order to hasten the liquidation of the private
452 merchant class and the transformation of private industries into joint public-private enterprises, exorbitant rates of interest were charged on loans to private commerce and industry (private commerce, 16.20 - 23.40 per cent annually against 8.28 per cent charged on loans to public commerce, and 10.80 - 19.80 per cent annually charged on loans to private industry compared with 5.58 per cent to public industry.).

XIII. CURRENCY SYSTEM

652 Jen-min-p'iao, (literally "People's Bank
436 notes") were first issued by the People's Bank of China in Shihchiachuang, Hopei Province, on December 1, 1948. People's notes were to be regarded as the only legal tender in Communist China and were to supplant the Communist notes, which had been issued in various districts, as well as Nationalist notes. The People's Bank notes were first issued in denominations of 1, 5, 10, 20, 50 and 100 dollars. to which 200 dollar notes were added in Shanghai in July 1949 and 500 and 1,000 dollar notes in Shanghai and Tientsin in September 1949. Between February and April 1950, an additional issue of 5,000 and 10.000 dollar notes was made and in January 1954 the range of denominations was increased to include 20,000 and 50,000 dollar notes.

On March 1, 1955 new currency was put in circulation throughout China. A new one-yuan

2: Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

started to go down in Ting Hsien. It dropped 12 per cent in the next 35 months.

From the low point in 1905 to the peak in 1929 the exchange rate increased 469 per cent. From 1857 to 1929 the increase was 295 per cent. In 75 years, 1857–1931, the rate went up 275 per cent.

A comparison of the Ting Hsien and Peking exchange rates showed that from 1862 until 1877 the Ting Hsien rate was the higher. Peking did not have the 1876–1882 dip and rise. From 1882 to 1900 the two rates followed similar declining trends. The Peking rate reached its lowest point in 1900, Boxer year, five years before Ting Hsien. From 1900 to 1915 the Peking rate was higher. From 1918 to 1931 the Ting Hsien rate was regularly higher but both rates had practically the same rapid increase. In 1930 they were only 20 cash (two coppers) apart, 4,080 and 4,100. From 1915 through 1930 Ting Hsien's yearly rate ranged from 97 to 106 per cent of the Peking rate. Except for 1928 and 1929 the variation was not over 3.5 per cent, a very close agreement.

How the extra demand for money at Chinese New Year's time affected the exchange rate is shown in Figure 20. It gives the rates for the Ting-hsien market days of the 11th and 12th months of 1930 and the 1st month of 1931. The rate dropped 23 per cent from the first of the 11th month to the end of the 12th month, but by the eleventh of the 1st month it was back to the original rate, 410 coppers per dollar.

As the city markets were set according to the lunar calendar the exchange shops usually operated on the same basis. In 1930 they attempted to follow the solar calendar but it did not work out well and they went back to the lunar calendar in 1931.

Credit

Credit was provided in Ting Hsien by pawn shops, mutual savings societies, cooperative credit societies, and private lenders. There were no banks in the hsien at the time of our study. The pawn shops were found only in the towns. Mutual savings societies were, as their name implies, for regular savings over a long period of time rather than for short term loans. Cooperative credit societies could be organized under the Chinese law and some were very successful in providing credit at low rates of interest, but they were a new type of organization still largely in the promotion stage and so were not a large factor in the

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

452 credit field. The village people who needed financial help had to depend, for the most part, on private money lenders.

To sample the extent of borrowing in Ting Hsien, the amount of credit needed, the interest rates, the terms of the loans, the security for the loans, and use of the money borrowed, we made a study in 1932 of the borrowing during the three years 1929, 1930, and 1931 of the 526 families living in five villages. They were relatively small villages; the largest had 145 families, the smallest 41. As the figures for the individual villages did not show any significant differences the five villages have been treated as a single group of families.

426 The number and the proportion of families borrowing, the number of times they borrowed, the amounts they borrowed, and the increase in borrowing in two years are shown by the following figures:

	1929		*1930*		*1931*	
	Number	*Amount*	*Number*	*Amount*	*Number*	*Amount*
Families borrowing	171	$21,026	230	$34,401	305	$48,944
Per cent borrowing	32.5		43.7		58.0	
Average amount		123		150		160
Per cent under $150	74.3		73.1		69.2	
Per cent over $250	13.5		16.1		18.0	
Number of loans	335		466		726	
Average amount		63		74		67

The large proportion of families borrowing in 1931, 58 per cent, the 78 per cent increase in two years in the number of families borrowing, the 116 per cent increase in the number of loans made, the 30 per cent increase in the average family indebtedness, and the 133 per cent increase in the total amount borrowed were evidently the result of falling prices and of the extra taxes and assessments that accompanied the disturbed political conditions that culminated in the fighting around Ting Hsien in 1931. In the two years from 1929 to 1931 the wholesale prices of farm crops in North China declined 10.3 per cent, wheat 14.5 per cent, millet 16.5 per cent, and kaoliang 23.5 per cent.[2]

In 1929 just over one-half, and in 1931 two-thirds, of the borrowing families found it necessary to borrow more than once during the year. In 1929 two families borrowed six times and one borrowed seven

2. Nankai Institute of Economics. *Nankai Index Numbers* (Nankai University, Tientsin, 1934).

2: Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

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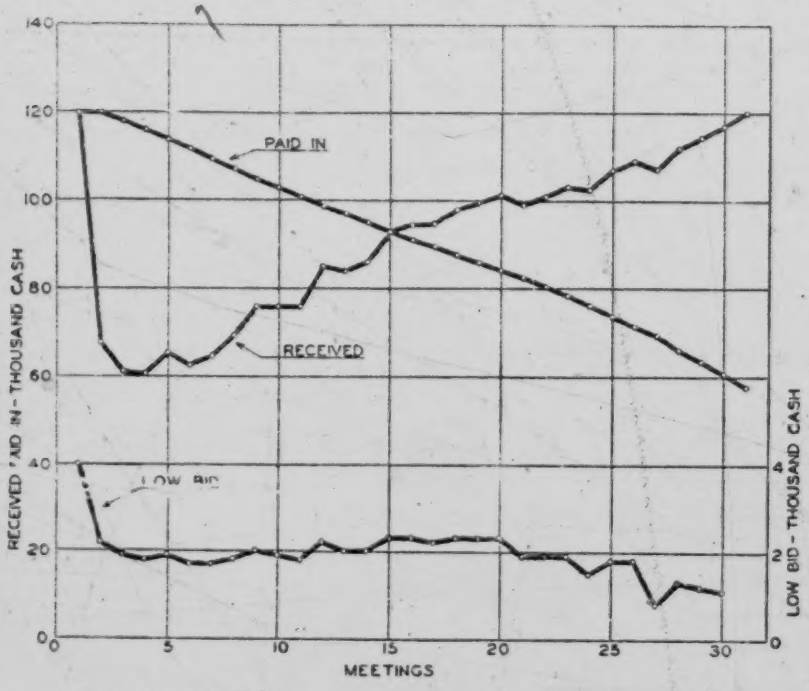

FIGURE 21. SAVINGS SOCIETY, COPPER VALUE OF AMOUNTS BID, RECEIVED, AND PAID IN

amount, and the number of members who had previously had the fund, and therefore, paid 4,000 cash each.

Mr. Chang, as organizer and head of the society, opened the bids in the presence of the other members. The rules of the society provided that a member might change his bid at any time before the bids were opened, but once they were opened the bids had to stand. The bidding was evidently in units of one hundred cash (10 coppers). The rules did not say what was to be done in case there was a tie in the bidding, but we understand that the matter was decided by the drawing of lots. A member who was not present at a meeting could not receive the fund collected at that time, and he would have to arrange for someone to make his payment for him.

It was interesting to see how the amount of the bids changed through

2:Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

452 the ten years the society functioned. The changes, together with the changes in the amount each member received from the society and the amount he contributed to it, are shown in detail in Figure 21 and Table 84. At the first meeting, Mr. Chang received 4,000 cash from each member. At the second meeting the lowest bid was 2,200 cash. At the third meeting it was 1,900 cash. It was 1,700 cash for the sixth and seventh meetings. From the eighth through the 23rd meeting the amount varied from 1,800 to 2,300 cash. For the 24th meeting the low bid dropped to 1,500 cash, but it went up to 1,800 cash at the next meeting and was the same for the 26th meeting.

For the last four meetings of the society the bids dropped off, probably because so few were bidding and because the amount of the bid had less and less influence on the amount the successful bidder received. The amount bid affected only the amounts paid by the bidding members. The others, who had had the fund, all paid 4,000 cash each. For the 27th meeting the lowest bid was 800 cash, only 20 per cent of the original 4,000 cash. The member making that bid evidently wanted to be very sure that he would receive the fund at that meeting. This was the only time the bid went below 1,000 cash. From the 28th through the 30th meeting the bids were 1,300, 1,200, and 1,100 cash. At the 31st and final meeting the one unpaid member received 4,000 cash from each of the other 30 members.

The amounts received by the successful bidder at the different meetings showed a wide variation. The minimum was only 51.6 per cent of the maximum. Because the bidding determined the amount to be paid by a steadily declining number of members, and the number of 4,000 cash repayments increased at every meeting, the amount received varied much more than the bids. In fact, the size of the fund was different at every meeting. A bid of 1,900 cash brought a fund of 61,200 cash at the third meeting, but the same bid at the 23rd meeting made the fund 103,200 cash. Forty-two hundred cash more was received on a bid of 1,700 cash at the seventh meeting than on a bid of 1,800 cash at the fourth meeting. At the first meeting Mr. Chang received 120,000 cash, and the last member received 120,000 cash at the last meeting. Between those two meetings, the amounts varied from 60,600 cash, the amount secured at the fourth meeting with a bid of 1,800 cash, to 117,100 cash paid at the 30th meeting on a bid of 1,100 cash. Figure 21 and Table 84 show how the amount generally tended to increase meeting by

2: Gamble S-5 (1926-1933)1954 A[illegible] North China AF 12

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meeting from the low point of the fourth meeting. Only six times in the next 27 meetings was the total less than the amount received by the successful bidder at the previous meeting.

From the way the amounts increased as the years went by, it would seem that a fairly set rate of discount was being figured on by the members. A special need for money such as a wedding or a funeral in the family might influence a member's bid and cause him to put in one lower than usual to insure his getting the fund at that particular meeting, but this apparently could be true in only one or two instances. The lowest bid at the 23rd meeting was 1,900 cash. At the next meeting it was 1,500 cash. For the 26th meeting the bid was 1,800 cash, but for the 27th meeting it was 800 cash.

Figure 21 and Table 84 also show the amounts each member paid in to the savings society over the ten years of its existence. The maximum was 120,000 cash, the minimum 57,800 cash. If the members are listed according to the meeting when they received their money from the society, the amount they paid in went down regularly after the second meeting. The later a member took the fund the less he contributed. The average decrease from one meeting to the next was 2,145 cash. The actual amounts were generally between 1,700 and 2,300 cash until the last four. Then the difference increased to 4,700, 2,500, 2,700, and 2,900 cash. The last man to take the fund paid in a total of 57,800 cash, or only 48.2 per cent of the 120,000 cash he received. He had a profit of 107.6 per cent on his investment.

The minimum return in per cent of the amount he contributed went to the man who took the fund at the third meeting. He received only 51.6 per cent of the sum he paid in. After that the per cent increased meeting by meeting. It was more than 72 per cent after the eighth, over 90 per cent for all the members who received the fund after the 13th meeting, and went above 100 per cent at the 16th meeting—the half-way point. The return was over 125 per cent after the 21st meeting, over 150 per cent after the 25th meeting, and over 180 per cent after the 28th meeting. It was over 200 per cent only for the last member.

Because of the varying amounts paid in at the meetings and the varying times at which the members took the fund, it is not easy to determine the average interest rate that the members apparently figured when they made their bids. The last man is the simplest to figure. His profit was 107.6 per cent on the 30 payments he had made during the

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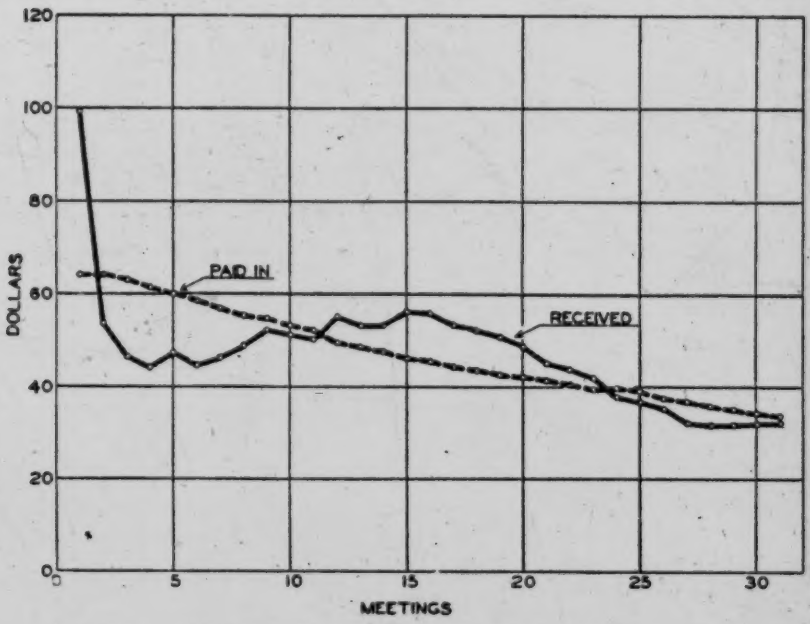

FIGURE 22. SAVINGS SOCIETY, SILVER VALUE OF AMOUNTS RECEIVED AND PAID IN

10 years. At simple interest, his average return was 19.2 per cent per year, or 1.6 per cent per month. At compound interest, compounded every four months, the rate was just over 1.0 per cent per month. The partial payments made by the second man work out at an interest rate of just over 1.0 per cent per month with the interest being paid every four months. The payments by the other members would probably show similar rates, so it seems evident that even in a voluntary group the people in this area in Ting Hsien felt that rates of 1.0 per cent per month for compound interest and 1.5 per cent per month for simple interest were not unduly high.

Prior to 1917 the silver-copper exchange rate was relatively stable but after that the copper coinage depreciated so rapidly that the average exchange rate went from 1,207.4 cash per dollar in 1917 to 3,750.7 cash in 1927. All the savings society payments were made in terms of copper cash, but as the change in the exchange rate could not help influencing

2: Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

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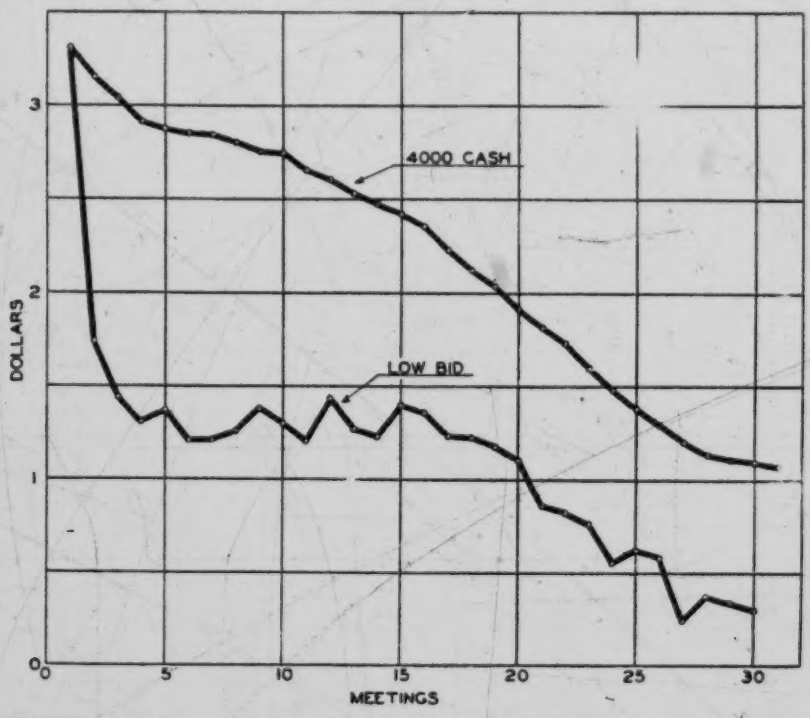

FIGURE 23. SAVINGS SOCIETY, SILVER VALUE OF 4,000 CASH AND LOW BID

the purchasing power of the sums the members paid to and received from the society, we have figured the silver equivalents of the copper figures. These are shown in Table 85 and Figures 22 and 23. Because of the rapid changes in the silver-copper exchange we have used interpolated figures for the spring and winter meetings and the annual averages for the fall meetings.

The 120,000 cash Mr. Chang received in 1917 was equivalent to $99.30. The 120,000 cash received by the last member in 1927 was worth only $32.00. In general the amounts paid to the successful bidders from the third to the ninth meetings ranged from $44.10 to $48.70. For the next eleven meetings the amounts were over $50.00, ranging from $50.50 to $56.00. Then the rapid depreciation of the copper currency caused a big drop in the value of the society's fund even though the number of

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

452 cash increased at almost every meeting. From the $56.00 paid at the 15th meeting the silver value dropped every meeting until, at the 28th, it was only $31.60. Slight increases of 10 to 20 cents for the next three meetings brought the final value up to $32.00.

The silver value of the low bids followed a somewhat similar course (See Figure 23). The 4,000 cash of the first meeting were equivalent to $3.31. For the second meeting the 2,200 cash were equivalent to $1.74. The amount bid for the sixth and seventh meetings was equivalent to $1.21. For the 18th it was $1.22. Between these meetings the highest amount was $1.43, but that was the only time after the third meeting that the rate went above $1.40. After the 18th meeting the amount went down rapidly until, at the 27th meeting, the bid of 800 cash was equivalent to only 21 cents. For the 30th meeting the amount was 30 cents.

The value of the 4,000 cash paid at each meeting by the members who had received money from the society also declined steadily. In amount the decrease was from $3.31 for the first meeting to $2.91 for the fourth, $2.47 for the 14th, $1.91 for the 20th, $1.48 for the 24th, and $1.07 for the 31st meeting.

Because of the steady increase of the exchange rate, the silver value of the total amounts the different members contributed to the society also decreased steadily. Mr. Chang paid $64.21 for the $99.30 he received. The lowest bidder at the second meeting paid the most, $64.36 for the $53.60 he received. The later a member received money from the society the less he repaid in terms of both silver and copper. The 31st member invested $33.56 over the 10 years, just a little more than one-half the amount Mr. Chang contributed. He received, however, the equivalent of only $32.00, a loss of 4.5 per cent on his investment.

If we compare the silver value of the 30 payments made by each member with the value he received, we get some very interesting figures. Mr. Chang, who in terms of copper paid back the exact amount he received, returned in terms of silver only 64.7 per cent of the amount given him. If we invert the ratio, he received 155 per cent of the amount he paid. The member who took the fund at the fourth meeting received only 71.5 per cent of the amount he contributed. This was the lowest proportional return for the entire membership. After Mr. Chang, the man with the highest return was the one who was the successful bidder at the 16th meeting. He received 123.2 per cent of the amount he put in. After that, the ratio declined until the 23rd man received

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only 104 per cent of the amount he contributed over the 10 years. All of the last eight men received less than they paid. The lowest of this group was the 27th man. He received only 87.5 per cent of the amount he invested. He received a bit less on his investment than the man who took the fund at the eighth meeting and he got his money some six years later.

Because of the big change in the silver-copper exchange rate and its effect on the value of the funds that were received and repaid in copper, it is not possible to determine any interest factor in the silver figures. In fact, the last eight men had a definitely minus interest rate. The depreciation of the cash might have had some influence on the bidding of the later members, who may have felt that the sooner they took the fund the more it would be worth. However, this does not seem to be evident in the bidding except perhaps for the last four meetings, and there the small number bidding probably would have a larger influence.

Mr. Chang used the money he received from the savings society to meet some special business expenses. Three other members said they used the fund for the same purpose, four used it for family expenses, seven loaned the money to others, and one used it for the repayment of debt. Unfortunately there was no report from 15 members.

To insure the repayment of funds given to the members, the rules of the savings societies required that each member furnish two guarantors before he received money from the society. The member and his guarantors had to sign a receipt for the funds received. Some societies also required that the members pledge land as security for the amounts they received. Experience evidently had taught that more was needed than a member's promise to pay, especially when the period of repayment ran over several years. If a member was not present at a meeting the society looked to his guarantors for the payment of the amount due.

Mr. Chang's savings society was called a "Stationary Society" as all the meetings were held at his house. Another variety of society was known as a "Dry Stationary Society". This variety differed from a stationary society only in the fact that the head of the society made no repayment for the amount his fellow-members gave him at the first meeting. Instead, he paid all the expenses of the society including the cost of the feast served at each meeting. At 40 cents per member, which was apparently the current price in 1927, the cost of the feasts for 10 years

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452 would amount to some $372, or almost four times the value of the fund Mr. Chang received.

A third variety of savings society was known as a "Circulating Society" because it met in a different place each time. The place of meeting was decided by the bidding. The meeting was held in the home of the successful bidder. He not only was host, but he also paid the cost of the feast served the members when they met in his home. The rules of the society detailed the vegetables that should be served and the amount of meat and dried vegetables.

A fourth variety was called a "Dry Society". The members of a dry society generally met only twice and sometimes only once. Such a society was organized by an honest but poor farmer when he needed money. He asked his friends and relatives to organize a society and help him meet his debts. The amount the members paid depended on the need of the head of the society, the number of members, and sometimes on the member's relationship to the head of the society. The closer the relationship the more he might be asked to pay. The head of the society prepared a feast for the members attending the meeting and paid any other expenses. The society did not meet again until the head had enough money to pay back the amount he had received. In that happy event the society met, the head provided a feast for the members and paid off his debt.

The following are typical examples of the contracts and regulations for a stationary and a circulating society:

Stationary Savings Society Regulations

Mr. _____ has asked some relatives and friends to organize a savings society with ____ members. The society is to have ____ meetings every ____ months. The head of the society, Mr. _____, has received _____ dollars. At each meeting, bids shall be entered for the money to be received at the next meeting. Any member who takes money from the society must have two people to guarantee him. If a man who has had money from the society fails to pay an instalment, his guarantors must pay it for him. Any member who is not present at a meeting of the society cannot receive money from the society and should give his guarantors the money for his payment to the society. ____ dollars is to be paid for the feast at each meeting. If a man writes a wrong number in the bidding, there can be no argument over it, but a bid may be changed by word of mouth any time before the bids are opened. A

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member may not have his interest in the society apply on his debts to others. 452
Oral agreements have no proof, so we have written this contract.

Amount Received: _____ _____ Head

Date: _____ _____ Guarantor

_____ Guarantor

Circulating Savings Society Regulations

The following persons _____ have decided to form a circulating savings society and have adopted these regulations. The society shall have _____ meetings every year on the following dates: _____. At each meeting, bids shall be entered for the money to be collected at the following meeting. Any man receiving money from the society must have two guarantors. Anyone using the money must give land as security. If a man who has had money from the society is not present at a meeting, his guarantors must pay for him. If one who has not had money from the society is not present, he cannot receive money from the society. The year-round feast shall include vegetables, bean sprouts, green beans, cabbage, and egg plant. _____ catties of dried vegetables and _____ catties of meat shall be served. The bread and vegetables must be sufficient for the feast. All the members must obey the regulations. The one who receives the money will pay for the feast. Members must be present by noon when the feast will be served.

Amount Received: _____ _____ Head

Date: _____ _____ Guarantor

_____ Guarantor

Three villages were studied in order to get an idea of the number of savings societies in the rural area where Mr. Chang lived. The number may not be complete, but we found 27 societies in the three villages. Seven were stationary societies, one was dry stationary, 18 were circulating, and one was a dry society. The total membership of the 27 societies was 1,093. The average membership was 32 for the stationary societies, and 38 for the circulating societies. The one dry society had 145 members, a surprisingly large group. The head of that society must have had large financial needs if he had to call on so many friends and relatives for help. The cost of a feast for that large a group would be a sizable item.

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452 The number of male adults over 16 years of age living in the three villages was 1,650. The number of savings society members was, therefore, 60.6 per cent of the adult male population. This would not mean that 60.6 per cent of the males were members of a savings society, as some men were members of more than one society, but the figure is indicative of the popularity and prevalence of this cooperative method of providing capital funds for the rural people.

Some members summarized the good points of the savings societies as follows:

When it is difficult to get money in the village, the village people can help by organizing a society.

The societies provide funds at relatively low cost.

It is easy to pay in instalments.

Periodic payments encourage savings.

Money for debts or emergency needs can be secured through savings societies instead of by the sale of property.

The societies promote friendship among the men who come to the meetings and eat the feast together.

The guarantors insure the repayment of the sums given to the members.

The following bad points were mentioned by the members:

Some members cannot pay their instalments.

Sometimes members run away after they have had money from the society. (This seldom happens, however, because the society members are generally carefully chosen and are usually people of means and property.)

The feasts are relatively expensive and uneconomical.

The life of the society is usually so long that conditions are apt to change, members die or become poor.

Even if he would like to repay in advance the amount he received, a member cannot do so, but must continue to make periodic payments during the life of the society.

Cooperatives

To help bring financial relief to the farmers the Mass Education Movement encouraged the Alumni Association of the People's Schools to act as the nucleus for the organization of Self-Help Societies in the

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villages. It arranged with Bank of China and the Kincheng Bank to furnish credit, secured by the deposit of produce in centrally located warehouses, at a monthly interest rate of 0.85 per cent per month. The banks dealt directly with the societies and assisted in selling the former's produce when the market was favorable. It was reported that this arrangement brought the farmers a profit of some 25 per cent on the marketing of their 1933 wheat crop. In 1933–34 there were 295 Self-Help Societies.

It was intended that the Self-Help Societies should develop into Integrated Cooperative Societies that would provide for the purchasing, production, and marketing needs of the villages. In June, 1934, there were 22 Integrated Cooperative Societies.

It was proposed that the village cooperatives join in Cooperative Unions centered around the north and south business centers of the hsien and that the unions combine to form a Hsien Federation of Cooperatives. The northern union was operating in 1934 with a membership of 47 societies.

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TABLE 84. SAVINGS SOCIETY TRANSACTIONS, 1917–1927

Year	Meeting	Low Bid	Received	Paid In[1]	Amt. Recd. % Amt. Pd.	Cash Per Dollar
1917	1	4,000	120,000	120,000	100.0	1,207.4
	2	2,200	67,800	120,000	56.5	
1918	3	1,900	61,200	118,200	51.6	
	4	1,800	60,600	116,100	52.2	1,376.4
	5	1,900	65,400	113,900	57.5	
1919	6	1,700	62,500	111,800	56.0	
	7	1,700	64,800	109,500	59.2	1,407.9
	8	1,800	69,400	107,200	64.5	
1920	9	2,000	76,000	105,000	72.4	
	10	1,900	75,900	103,000	73.7	1,460.5
	11	1,800	76,000	100,900	75.3	
1921	12	2,200	85,800	98,700	86.9	
	13	2,000	84,000	96,900	86.7	1,580.7
	14	2,000	86,000	94,900	90.6	
1922	15	2,300	92,800	92,900	99.8	
	16	2,300	94,500	91,200	102.7	1,695.6
	17	2,200	94,800	89,500	104.8	
1923	18	2,300	97,900	87,700	111.5	
	19	2,300	99,600	86,000	116.0	1,973.9
	20	2,300	101,300	84,300	120.3	
1924	21	1,900	99,000	82,600	120.8	
	22	1,900	101,100	80,500	126.0	2,317.1
	23	1,900	103,200	78,400	131.5	
1925	24	1,500	102,500	76,300	134.3	
	25	1,800	106,800	73,800	144.5	2,895.9
	26	1,800	109,000	71,600	152.5	
1926	27	800	107,200	69,400	154.5	
	28	1,300	111,900	66,200	169.0	3,541.4
	29	1,200	114,400	63,500	18[illegible]4	
1927	30	1,100	117,100	60,700	192.9	
	31		120,000	57,800	207.6	3,750.7

[1] Members ranked according to the meeting at which they received money from the society.

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

452 TABLE 85. SAVINGS SOCIETY, SILVER EQUIVALENT OF COPPER PAYMENTS, 1917–1927

Year	Meeting	Low Bid	4,000 Cash	Received	Paid In[1]	Amt. Recd. % Amt. Pd.
1917	1	$3.31	$3.31	$99.30	$64.21	155.0
	2	1.74	3.16	53.60	64.36	83.3
1918	3	1.44	3.04	46.40	63.06	73.5
	4	1.31	2.91	44.10	61.59	71.5
	5	1.37	2.89	47.20	60.02	78.6
1919	6	1.21	2.86	44.60	58.53	76.2
	7	1.21	2.84	46.00	56.90	81.0
	8	1.26	2.81	48.70	55.30	88.1
1920	9	1.38	2.76	52.50	53.80	97.5
	10	1.30	2.74	52.00	52.44	99.2
	11	1.20	2.66	50.60	51.08	99.2
1921	12	1.43	2.60	55.70	49.68	112.1
	13	1.27	2.53	53.10	48.58	109.2
	14	1.23	2.47	53.10	47.38	112.1
1922	15	1.39	2.4[illegible]	56.00	46.19	121.1
	16	1.36	2.36	55.70	45.22	123.2
	17	1.23	2.23	53.00	44.35	119.6
1923	18	1.22	2.12	52.00	43.46	120.0
	19	1.17	2.03	50.50	42.65	118.5
	20	1.10	1.91	48.50	41.91	115.7
1924	21	.86	1.81	44.80	41.20	108.5
	22	.82	1.75	43.70	40.33	108.5
	23	.76	1.59	41.10	39.56	104.0
1925	24	.55	1.48	37.90	38.84	97.6
	25	.62	1.38	36.85	38.01	97.0
	26	.58	1.29	35.10	37.34	94.0
1926	27	.24	1.20	32.10	36.72	87.5
	28	.37	1.13	31.60	35.83	88.5
	29	.33	1.11	31.70	35.09	90.5
1927	30	.30	1.09	31.80	34.33	92.7
	31	–	1.07	32.00	33.56	95.5

[1] Members ranked according to the meeting at which they received money from the society.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

CHAPTER XIV

PROBLEMS AND POSSIBILITIES

*441 *467 In dealing with the probable future of the guilds the conclusion indicated was that with the possible exception of the professional type these organizations, in their present structural form, will eventually disappear. A question of perhaps greater importance is whether the values of the old institutions already described will also disappear when formal organization disintegrates or is transmuted, or whether certain of the values of the old guilds will be incorporated in the new industrial and commercial life. Is such a synthesis possible?[1]

[1] There are evidences in other phases of the contemporary cultural transformation in China that such a synthesis of the values and methods of East and West is being achieved.

The article written by Professor J. B. Taylor on "Denmark and Rural China" (*Chinese Social and Political Review*, Peking, vol. xii, no. 1, Jan., 1928, pp. 116-129) illustrates from another field the type of synthesis here suggested. Professor Taylor, thoroughly familiar with the rural problems of China through long experience and study, has made a careful investigation of the rural cooperative movement in Denmark. Basing his conclusions on a knowledge of the structure of Chinese village life and on the methods and problems of Chinese agriculture, as well as on his research and study of the origin, history and present operation of Danish rural cooperation, he proposes a definite scheme of Chinese rural reconstruction.

•452 In like manner, the International Famine Relief Commission in Peking, after a careful study of the economic conditions and social organization in famine areas, adapted the German *Raiffeisen* system of cooperative credit to Chinese needs. These cooperative societies are steadily increasing in number and are affording much needed relief to the farmers from the hitherto excessively high loan rates.

642 An illustration from the governmental field of such synthesis is the

8: Lin E-5 (1927)1928 AF12 North China AF12

the former case was probably attributable to a suspension of the postal remittance service at that time, so that more workers found safe custody of their unused funds in the hands of the factory. The low percentage in the latter case was due to the fact that 74 workmen were newly admitted in December 1926, and consequently no savings could be expected from them. Besides, the last quarter of each year, in particular the month of December, always found a gradual decline in depositors.

Table 9.—Total Number of Workers and Depositors for Each Month in the Chiu Ta Factory, January 1926 to June 1927

Month	Total number of workers		Total number of depositors		Percentage of depositors on total number of worker	
	1926	1927	1926	1927	1926	1927
January	508	558	403	413	79.2	74.0
February	503	563	414	440	82.3	78.1
March	495	561	413	403	83.4	71.8
April	521	555	400	416	76.8	75.0
May	512	570	380	399	74.2	70.0
June	504	561	368	371	73.0	66.1
July	498	—	370	—	74.3	—
August	478	—	348	—	72.8	—
September	475	—	353	—	74.3	—
October	475	—	348	—	73.3	—
November	478	—	342	—	71.5	—
December	552	—	336	—	60.9	—
Average per month	499.9	561.3	372.9	407.0	74.7	72.5

That one-fourth of the total number of workers should fail to make use of the savings system perhaps deserves some comments. First of all, what an ordinary worker can earn generally leaves little for saving. Those who are able to save may find the system troublesome and prefer hoarding. And a great amount of savings must have no doubt been attracted by the loan societies among the workers. The loan society, it may be mentioned in passing, is always popular with the labouring class, especially in the districts where funds

8: Lin E-5 (1927)1928 AF12 North China AF12

452 cannot be easily secured. Two types of loan-societies may be distinguished: the interest paying and the non-interest paying. In the former, the depositor gets a monthly interest of from 15 per cent to 30 per cent. Those who seek for high interest naturally invest their savings in such a society rather than in the factory where only 10 per cent interest per month is allowed. In a homogenous group of workers, living closely together and having regular incomes, this sort of society is 454 easily maintained and kept flourishing. Lastly, very few workers having families to support at Tangku care to use the factory savings system. This condition is shown in the following table where more than half of the workers in the power house, salt field administration and the iron workshop—almost all of whom have families at Tangku—were not depositors at the factory. It is interesting to note that all these workers had high earnings. If they did not use up all their earnings to feed and clothe their families, or squander them, then they must have found more profitable means of investment in some other direction.

Table 10.—Total Number of Workers and Depositors in the Chiu Ta Factory in February 1927, Classified According to Sections

Section	Total number of workers	Number of depositors	Percentage of depositors on total number of workers
West Section	286	253	88.5
East Section	188	139	73.9
Power House	15	7	46.6
Salt Field Administration	4	1	25.0
Dormitory	22	18	81.8
Iron Workshop	48	22	45.8
Total	563	440	78.1

So much for the number of depositors. Let us now proceed to examine the amount of deposits from month to month during the period January 1926 to June 1927. The total amount of deposits and the average amount of deposits per person at the end of each month during this period are shown in Table

8: Lin E-5 (1927)1928 AF12 North China AF12

many members. But it seems there is a general tendency that where income increases, the size of the family usually increases also and that its living conditions are somewhat lowered in spite of the increase of income.

Table 39.—Number of Family Supporters and Dependents in 61 Families.

	Total		Average per family	
	Number of persons	Number of equivalent adult males	Number of persons	Number of equivalent adults
Family supporters	63	63.00	1.03	1.03
Partial dependents	35	28.20	0.57	0.46
Complete dependents	129	75.94	2.12	1.25
Total	227	167.14	3.72	2.74

Having considered the income and expenditure of the 61 families, we shall now study the question of their surplus and deficit. In general, it may be stated that many of these families were able to make both ends meet in ordinary times, but they would incur deficit under special circumstances when marriage or death occurs in the family. It is shown in Table 40 that during the year under investigation, 41 families had each an average surplus amount of $18.83 and 20 families had each an average deficit amounting to $51.51.

It will have been seen in Table 40 that many families in the third, fourth and sixth groups incurred big deficits on account of the heavy expenses paid for marriage or funeral. In order to meet these deficits, the families had to resort to the following methods: (1) to make purchases on credit (2) borrowing, (3) pawning articles, (4) borrowing money from the loan society, (5) to use savings and (6) to sell property.

Among these, to make purchases on credit is the most common. Such debts are generally paid as soon as wages are received at the end of the month. In case there is no surplus left to pay back the sum, payment is deferred until the end of the year when the worker receives general bonus and the extra month's pay.

8: Lin E-5 (1927)1928 AF12 North China AF12

It was found that these three common workers spent more than $30 on clothing, while the average amount for the 50 workers was about $20. Moreover, their expenses for tea and tobacco were also much higher than the average amount. It seemed that of the four classes of workers, the mechanics were quite well off and each had $157.30 surplus. Next came the firemen, each having a surplus of $51.05. Even among the assistants and common workers, they had, on the average, some surplus, the former having about $22 and the latter $19 in a year. If we compare this group of workers with that of Chiu Ta with respect to its financial condition we shall find that the Pacific workers are much better off.

Family remittance is the most important item which consumes their surplus. Mechanics who had, on the average,, each a surplus more than $150 remitted to their homes about $110 each. The assistants remitted comparatively small sums of money to their homes. It is to be noted that the amount remitted by firemen and common workers exceeded their surplus. In such cases, the workers often resorted to borrowing. Of the 50 workers, only 8 borrowed money, the average amount being $10. Such kind of borrowing often comes from relatives or friends and no interest is charged.

Apart from the family remittance, three ways of disposing the surplus are open to the workers: investing it in a co-operative loan society, lending it to others or buying property. There are also three ways to make up the deficit, besides borrowing: namely, borrowing from the co-operative loan society, pawning and selling articles. Workers that resorted to pawning and selling articles to meet their deficits were so few among the Pacific workers that they do not merit our attention. However, 10 of the workers under investigation joined the co-operative loan societies.